Momentum Enhanced Factor Portfolio Range

Momentum Enhanced Factor 4 Portfolio

Factsheet at 30 September 2019

**Target return:** CPI + 4% p.a.
**Investment horizon:** Four years
**Investments managed by:** Momentum Outcome-based Solutions (Pty) Ltd

**Momentum outcome-based investing philosophy**

Investment success is about consistently maximising the probability of you achieving your investment goals – whether that is to preserve capital, generate an income stream in retirement or grow wealth within the parameters of a certain risk profile. In response to the ever-evolving investment landscape, we have constructed a range of outcome-based solutions that set their sights beyond mere benchmarks and instead focus on the things that matter the most to you – ensuring we maximise the probability of you achieving your investment goals. Outcome-based investing is about placing your goals at the centre of our investment process.

**Investor profile and investment strategy**

This portfolio is aimed at investors who are in the consolidation phase of investing. It has a medium-term investment horizon and, therefore, the aim is to maintain exposure of between 42.5% and 60% to growth asset classes (local and global equities and property). The remaining exposure is to asset classes that should preserve the purchasing power of the capital accumulated. The portfolio consists of the full universe of asset classes, including global investments of up to 30% (excluding Africa), and alternative investments. Through the optimum selection of asset classes, the probability of achieving the outcome is maximised within acceptable risk parameters. It is suitable as a stand-alone portfolio in retirement products, where compliance with Regulation 28 is specifically required.

**Portfolio information**

| Launch date | July 1999 |
| Target: inflation plus 4% a year over four-year rolling periods |
| Reg. 28 compliant: Yes |

<table>
<thead>
<tr>
<th>Risk of capital loss</th>
<th>Very low</th>
<th>Medium</th>
<th>Very high</th>
</tr>
</thead>
<tbody>
<tr>
<td>Investment term</td>
<td>Very short</td>
<td>Medium</td>
<td>Very long</td>
</tr>
</tbody>
</table>

**Long-term outcomes**

**Return over the investment horizon**

| Portfolio | 6.56%  |
| Benchmark | 6.20%  |
| Target   | 8.99%  |

The annualised return over the investment horizon of the portfolio.

**Short-term risk**

**Risk of negative one-year return**

| Portfolio | 3.88% |
| Benchmark | 6.47% |
| Target   | 0.00% |

The likelihood of negative returns over any one-year rolling period.

**Minimum one-year returns**

| Portfolio | -1.75% |
| Benchmark | -3.71% |
| Target   | 4.79%  |

The worst one-year return with a 5% likelihood.

**Hit rate**

| Portfolio | 65.82% |
|           |       |

The percentage of times the portfolio achieved or exceeded its target over rolling periods of the investment horizon.

**Average shortfall**

| Portfolio | -1.52% |
|           |       |

The average shortfall of the target, over rolling periods of the investment horizon.

**Rolling returns**

Portfolio returns over one-year rolling periods since launch.
Institutional on-balance-sheet portfolio

Published: 14 October 2019

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### Investment returns

<table>
<thead>
<tr>
<th>Portfolio</th>
<th>One year</th>
<th>Three years</th>
<th>Five years</th>
<th>Six years</th>
<th>Seven years</th>
</tr>
</thead>
<tbody>
<tr>
<td>Benchmark¹</td>
<td>0.77%</td>
<td>4.92%</td>
<td>5.48%</td>
<td>6.50%</td>
<td>7.01%</td>
</tr>
<tr>
<td>Risk-adjusted ratio²</td>
<td>0.58%</td>
<td>1.94%</td>
<td>8.34%</td>
<td>8.64%</td>
<td>8.67%</td>
</tr>
<tr>
<td>Target</td>
<td>2.67%</td>
<td>3.41%</td>
<td>3.49%</td>
<td>3.81%</td>
<td>3.42%</td>
</tr>
</tbody>
</table>

¹The benchmark is calculated using the strategic allocation weightings below.

### Index returns

<table>
<thead>
<tr>
<th>Asset class</th>
<th>Index</th>
<th>One month</th>
<th>One year</th>
<th>Two years</th>
<th>Three years</th>
<th>Four years</th>
<th>Five years</th>
<th>Seven years</th>
<th>Strategic allocation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Local equity</td>
<td>FTSE/JSE Shareholder Weighted Capped Index</td>
<td>0.67%</td>
<td>-2.44%</td>
<td>-1.04%</td>
<td>1.05%</td>
<td>2.71%</td>
<td>3.36%</td>
<td>28.00%</td>
<td></td>
</tr>
<tr>
<td>Local property</td>
<td>FTSE/JSE SA Listed Property Index</td>
<td>0.30%</td>
<td>-2.70%</td>
<td>-9.42%</td>
<td>-3.51%</td>
<td>-1.74%</td>
<td>3.24%</td>
<td>80.00%</td>
<td></td>
</tr>
<tr>
<td>Local bond</td>
<td>JSE ASSA All Bond Index</td>
<td>0.51%</td>
<td>11.42%</td>
<td>9.26%</td>
<td>8.90%</td>
<td>8.59%</td>
<td>8.28%</td>
<td>15.00%</td>
<td></td>
</tr>
<tr>
<td>Local ILB</td>
<td>JSE ASSA ILB Index</td>
<td>0.39%</td>
<td>3.70%</td>
<td>2.21%</td>
<td>1.67%</td>
<td>3.26%</td>
<td>3.60%</td>
<td>20.00%</td>
<td></td>
</tr>
<tr>
<td>Global equity</td>
<td>MSCI All Countries World Index</td>
<td>3.52%</td>
<td>7.08%</td>
<td>10.66%</td>
<td>12.76%</td>
<td>12.75%</td>
<td>12.50%</td>
<td>11.50%</td>
<td></td>
</tr>
<tr>
<td>Global property</td>
<td>FTSE EPRA/NAREIT Developed Index</td>
<td>2.96%</td>
<td>23.63%</td>
<td>16.06%</td>
<td>9.92%</td>
<td>11.49%</td>
<td>14.35%</td>
<td>2.50%</td>
<td></td>
</tr>
<tr>
<td>Global bond</td>
<td>FTSE World Government Bond Index</td>
<td>-1.33%</td>
<td>15.85%</td>
<td>9.60%</td>
<td>4.69%</td>
<td>5.69%</td>
<td>7.99%</td>
<td>5.00%</td>
<td></td>
</tr>
</tbody>
</table>

### Investment manager allocation and returns

- **Local equity**
  - BlueAlpha: 4.15% (1 year), 3.57% (3 years), 9.63% (5 years)
  - Fairtree: 3.72% (1 year), 5.53% (3 years), 13.66% (5 years)
  - Foord: -4.80% (1 year), -2.35% (3 years), 7.40% (5 years)
  - Momentum Capped SWIX Index: -2.82% (1 year), -0.65% (3 years)
  - Perpetua: -5.71% (1 year), 4.12% (3 years), 10.64% (5 years)
  - SIMi: 4.14% (1 year), 5.65% (3 years), 12.64% (5 years)
  - Truffle: 4.75% (1 year), 4.23% (3 years), 11.37% (5 years)

- **Local property**
  - Catalyst: -2.19% (1 year), -1.45% (3 years), 8.56% (5 years)
  - Eris: 11.22% (1 year)
  - Meago: -1.63% (1 year), -2.55% (3 years), 7.39% (5 years)

- **Local absolute-return**
  - Abyssa: 8.85% (1 year), 8.40% (3 years), 8.87% (5 years)
  - Prescient: 6.12% (1 year), 5.32% (3 years), 7.44% (5 years)
  - Prudential: 0.38% (1 year), 4.16% (3 years)
  - Senti: 2.64% (1 year), 0.89% (3 years)
  - Tantalum: 5.03% (1 year), 3.70% (3 years)

- **Local fixed income**
  - ALLWANI (ILB): 4.42% (1 year), 2.30% (3 years), 5.14% (5 years)
  - Futuregrowth: 12.18% (1 year), 10.35% (3 years), 9.32% (5 years)
  - Momentum Flexible Bond: 9.20% (1 year), 9.79% (3 years), 9.23% (5 years)
  - Momentum ILB: 10.42% (1 year), 10.12% (3 years)

- **Local cash**
  - ALLWANI: 8.81% (1 year), 9.17% (3 years), 7.99% (5 years)

- **Local alternative**
  - Coherent (Commodity): 0.68% (1 year), 1.52% (3 years), 6.46% (5 years)
  - Momentum Aggressive FoHF: 3.50% (1 year), 4.39% (3 years), 3.48% (5 years)
  - Momentum Moderate FoHF: 12.84% (1 year), 6.88% (3 years), 7.73% (5 years)
  - Momentum Portable Alpha FoHF: -2.89% (1 year), 1.91% (3 years)

- **Global equity**
  - Momentum Global Investment Management: 3.73% (1 year), 12.99% (3 years), 18.77% (5 years)

- **Global property**
  - Momentum Global Property

- **Global bond**
  - Amundi: 14.55% (1 year), 4.96% (3 years), 9.80% (5 years)

- **Global cash**
  - Momentum Global Investment Management

Where no returns are shown, the investment manager has a return history in this portfolio of less than the relevant period (one, three or seven years).

### Cumulative returns

![Cumulative returns graph](image)

The cumulative growth of the portfolio since launch compared to its target.

### Effective asset allocation

- Local equity: 25.02%
- Local bonds: 17.18%
- Local property: 14.18%
- Local hedge funds: 9.65%
- Local cash: 4.17%
- Local commodities: 0.89%
- Local derivatives: 0.10%
- Global equity: 12.74%
- Global bonds: 5.15%
- Global property: 3.06%
- Global cash: 0.01%
Quarterly portfolio commentary for Q3 2019

Growth asset classes experienced another difficult quarter with the uncertainty around Brexit, on-going trade tensions between the US and China as well as fears of a global economic recession weighing down markets.

Local equity and property were the worst-performing asset classes and the rand experienced a sharp sell off towards the end of July 2019.

The portfolio returned 0.77% for the three months, which outperformed the benchmark of 0.15%.

The outperformance was attributable to the local equity and property building blocks.

Being overweight global equity and property also contributed to returns.

Notes

The benchmark for the local equity component was changed on 1 November 2017 from the FTSE/JSE Shareholder Weighted Index to the FTSE/JSE Shareholder Weighted Capped Index.

Changes were made to the strategic asset allocations on 30 May 2014 and the benchmark returns were changed from 1 June 2014.

The inception date of the combined, local and global portfolios is 1 July 2011 and portfolio and benchmark returns for the Momentum Investments Enhanced Factor 4 Portfolios have been used since then. Portfolio and benchmark returns for Momentum High Interest Portfolio have been used from July 1999.

Disclosures

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Published: 14 October 2019

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